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OUACHITA COUNCIL ON AGING, INC.

MONROE, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-28-04

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

OUACHITA COUNCIL ON AGING, INC.

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June 30, 2003

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OUACHITA COUNCIL ON AGING INC.

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ouachita Council on Aging, Inc.
Monroe, Louisiana

I have audited the accompanying general purpose financial statements of Ouachita Council on Aging, Inc., as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Ouachita Council on Aging, Inc., management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Council on Aging, Inc. as of June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 23, 2003 on my consideration of Ouachita Council on Aging, Inc.'s internal control structure and on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Ouachita Council on Aging, Inc. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation the general purpose financial statements taken as a whole.

Manda D. Milliken

Certified Public Accountant
December 23, 2003

OUACHITA COUNCIL ON AGING, INC.Combined Balance Sheet - All Fund Types and Account Group
June 30, 2003

	<u>Governmental</u> <u>Fund Types</u>		<u>Account Group</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>General</u> <u>Fixed Assets</u>	<u>(Memorandum</u> <u>Only)</u>
<u>ASSETS</u>				
Cash	\$242,639	\$ 2,793	\$ -	\$ 245,432
Contracts receivable	59,126	-	-	59,126
Deposit on vans	4,506	-	-	4,506
Due from other funds	600	-	-	600
General fixed assets	-	-	2,993,299	2,993,299
Total assets	<u>\$306,871</u>	<u>\$ 2,793</u>	<u>\$ 2,993,299</u>	<u>\$ 3,302,963</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 91,308	\$ -	\$ -	\$ 91,308
Accrued expenses	45,583	-	-	45,583
Compensated absences payable	21,118	-	-	21,118
Construction payable	52,073	-	-	52,073
Due to other funds	-	600	-	600
Note payable	<u>278,965</u>	<u>-</u>	<u>-</u>	<u>278,965</u>
Total liabilities	<u>489,047</u>	<u>600</u>	<u>-</u>	<u>489,647</u>
<u>FUND EQUITY:</u>				
Investments in general fixed assets	-	-	2,993,299	2,993,299
Fund Balances:				
Reserved for FEMA	-	(479)	-	(479)
Reserved for Utility Assistance	-	2,672	-	2,672
Unreserved - (Deficit)	<u>(182,176)</u>	<u>-</u>	<u>-</u>	<u>(182,176)</u>
Total fund equity	<u>(182,176)</u>	<u>2,193</u>	<u>2,993,299</u>	<u>2,813,316</u>
Total liabilities and fund equity	<u>\$306,871</u>	<u>\$ 2,793</u>	<u>\$ 2,993,299</u>	<u>\$ 3,302,963</u>

The accompanying notes are an integral part of this statement.

OUACHITA COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
 All Governmental Fund Types
For the Year Ended June 30, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 90,201	\$ 1,025,301	\$ 1,115,502
Public support	242,166	137,130	379,296
Program service fees	109,256	-	109,256
Miscellaneous	7,528	-	7,528
Interest	3,286	31	3,317
In-kind contributions	-	43,717	43,717
Total revenues	<u>452,437</u>	<u>1,206,179</u>	<u>1,658,616</u>
<u>EXPENDITURES:</u>			
Salaries	-	447,791	447,791
Fringe	-	59,590	59,590
Travel	-	52,445	52,445
Operating services	83,689	173,003	256,692
Operating supplies	2,700	45,462	48,162
Other costs	53,500	36,576	90,076
Meals	-	502,833	561,757
Capital outlay	46,926	-	46,926
Utility assistance	-	43,112	43,112
Grants to subrecipient	-	180,616	180,616
Total expenditures	<u>186,815</u>	<u>1,541,428</u>	<u>1,728,243</u>
Excess (deficiency) of revenues over expenditures	265,622	(335,249)	(69,627)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	6,000	617,327	623,327
Operating transfers out	<u>(340,669)</u>	<u>(282,658)</u>	<u>(623,327)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(69,047)	(580)	(69,627)
<u>FUND BALANCE</u>			
Beginning of year, as previously reported	(94,425)	2,773	(91,652)
Prior period adjustment	<u>(18,704)</u>	-	<u>(18,704)</u>
Beginning of year (restated)	<u>(113,129)</u>	<u>2,773</u>	<u>(110,356)</u>
End of year (deficit)	<u>\$ (182,176)</u>	<u>\$ 2,193</u>	<u>\$ (179,983)</u>

The accompanying notes are an integral part of this statement.

OUACHITA COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2003

	Variance Favorable (Unfavorable)	Budget	Actual
<u>REVENUES:</u>			
Intergovernmental	\$ (40,739)	\$ 130,940	\$ 90,201
Public support	66,166	176,000	242,166
Program service fees	109,256	-	109,256
Miscellaneous	7,528	-	7,528
Interest	3,286	-	3,286
In-kind contributions	-	-	-
Total revenues	<u>145,497</u>	<u>306,940</u>	<u>452,437</u>
<u>EXPENDITURES:</u>			
Salaries	-	-	-
Fringe	-	-	-
Travel	-	-	-
Operating services	(83,689)	-	83,689
Operating supplies	(2,700)	-	2,700
Other costs	(53,500)	-	53,500
Capital outlay	(46,926)	-	46,926
Total expenditures	<u>(186,815)</u>	<u>-</u>	<u>186,815</u>
Excess (deficiency) of revenues over expenditures	(41,318)	306,940	265,622)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	(6,000)	12,000	6,000
Operating transfers out	<u>(21,729)</u>	<u>(318,940)</u>	<u>(340,669)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(69,047)	-	(69,047)
<u>FUND BALANCE</u>			
Beginning of year, as previously reported	-	(94,425)	(94,425)
Prior period adjustment	<u>-</u>	<u>(18,704)</u>	<u>(18,704)</u>
Beginning of year (restated)	<u>-</u>	<u>(113,129)</u>	<u>(113,129)</u>
End of year (deficit)	<u>\$ (69,047)</u>	<u>\$ 113,129)</u>	<u>\$ (182,176)</u>

The accompanying notes are an integral part of this statement.

OUACHITA COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual - Special Revenue Funds
For the Year Ended June 30, 2003

	Variance Favorable (Unfavorable)	Budget	Actual
<u>REVENUES:</u>			
Intergovernmental	\$ (1,340)	\$ 1,026,641	\$ 1,025,301
Public support	87,130	50,000	137,130
In-Kind contributions	43,717	-	43,717
Interest income	31	-	31
Total revenues	<u>129,538</u>	<u>1,076,641</u>	<u>1,206,179</u>
<u>EXPENDITURES:</u>			
Salaries	(2,250)	445,541	447,791
Fringe	1,704	61,294	59,590
Travel	(2,645)	49,800	52,445
Operating service	(24,842)	148,161	173,003
Operating supplies	(9,563)	35,899	45,462
Other costs	19,595	56,171	36,576
Meals	(70,833)	432,000	502,833
Capital outlay	-	-	-
Utility assistance	(8,112)	35,000	43,112
Grants to subrecipient	(48,871)	131,745	180,616
Total expenditures	<u>(145,817)</u>	<u>1,395,611</u>	<u>1,541,428</u>
Excess (deficiency) of revenues over expenditures	(16,279)	(318,970)	(335,249)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	67,719	549,608	617,327
Operating transfers out	(52,020)	(230,638)	(282,658)
Excess of revenues and other sources over expenditures and other uses	(580)	-	(580)
<u>FUND BALANCE:</u>			
Beginning of year	<u>-</u>	<u>2,773</u>	<u>2,773</u>
End of year	<u>\$ (580)</u>	<u>\$ 2,773</u>	<u>\$ 2,193</u>

The accompanying notes are an integral part of this statement.

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Presentation

The accompanying financial statements conform to generally accepted accounting principles as applicable to governmental units.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456 which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. Ouachita Council on Aging, Inc. is a non-profit corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. The Council also receives revenues from other federal, state, and local government agencies which may impose certain restrictions upon how the Council can use the money that they have provided.

The Council is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, the Council has presented its financial statements as a separate special-purpose government.

The primary function of Ouachita Council on Aging, Inc. is to improve the quality of life for the parish's elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Such services include providing meals, nutritional education, information and referral services, legal assistance, homemaker services, operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting:

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Council are financed. The acquisition, use, and balances of the Council's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived.

The following types of programs comprise the Council's General Fund:

Local

Local funds are received from various local sources; such funds not being restricted to any special use.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Local (Continued)

The Council's program participants also generate revenues through a variety of fund raising activities that are not sponsored by any particular grant award. Revenues and expenses relating to these activities are accounted for as part of the General Fund's local program.

PCOA (Act 735)

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council on Aging. The Council may use these "Act 735" funds at its discretion.

Medicaid

This is a program where the Council completes enrollment application for people wanting to apply for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals. Any funds remaining after applying direct costs to operate program are available for discretionary use.

The Council also acts as a coordinator of services for people who are home-bound and in need of services similar to those provided in a nursing home. Rather than have the person sent to a nursing home, the Council coordinates necessary services and is paid a fee by Medicaid for performing the case management function.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the funds which comprise the Council's Special Revenue Funds:

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title III - B Supportive Services Fund

The Title III-B funds are provided by the United States Health and Human Services through the Louisiana Governor's Office of Elderly Affairs which passes through the funds to the Council. This program provides access services, in-home services, community services, and transportation for the elderly.

Title III-C Area Agency Administration Fund

The Title III-C Area Agency Administration Fund is used to account for some of the administrative costs associated with operating the special programs for the aging.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center Program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community.

Title III C-1 Congregate Meals Fund

Title III C-1 funds are provided by the United States Department of Health and Human Services to the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional congregate meals to the elderly in strategically located centers.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title III C-2 Home Delivered Meals Fund

Title III C-2 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional meals to home-bound older persons.

Nutritional Services Incentive Program

The NSIP. Fund is used to account for the administration of the Food Distribution Program fund provided by the United States Administration on Aging, through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program reimburses the service provider on a per unit basis for each congregate and home delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the Louisiana Association of Councils on Aging (LACOA) which in turn remits funds relating to Ouachita Council on Aging, Inc. to the Council so that it can provide assistance to the elderly for the payment of their utility bills.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title III, Part E

This program provides systems of support services for family care givers and for older individuals who are relative care givers.

Title III, Part F

The III, Part F fund is used to account for funds which are used for disease prevention and health promotion activities.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging through the state to be used to supplement the primary state grant for senior centers. Ouachita Council on Aging, Inc. was one of the parish councils to receive a supplemental grant. These funds are "passed through" the Governor's Office of Elderly Affairs.

D. Account Group:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The account group is not a "fund".

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of Ouachita Council on Aging, Inc. are accounted for (capitalized) in the General Fixed

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

General Fixed Assets (Continued)

Assets Account Group and are recorded as expenditures in the governmental fund types when purchased.

E. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. All grant revenue is considered susceptible to accrual.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

F. Transfers:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

G. Budget Policy:

The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.

The Council may also obtain grants from agencies other than GOEA and the Council considers the potential revenues to be earned under those grants.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budget Policy (Continued)

Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.

The Executive Director prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval. The budget is prepared on a basis consistent with generally accepted accounting principles.

The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.

The adopted budget is forwarded to GOEA for final approval.

Actual amounts are compared to budgeted amounts periodically during the year as a management control device.

The Council may transfer funds between line items as often as required but must obtain prior approval from the grantor agency for funds received from that agency.

Budgeted amounts presented in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities are not budgeted particularly if they are deemed to be immaterial by management.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absence:

The Council provides annual leave to its employees based on length of service.

I. Fixed Assets:

Assets which cost at least \$1,000 and which have an estimated useful life of greater than 1 year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

Reservation of Fund Balances:

The Council "reserves" portions of its fund balances that are legally restricted and are available only to meet future obligations.

K. Cash and Cash Equivalents:

The Council's policy is to include short-term interest bearing deposits with cash in the financial statements.

L. Total Columns on Combined Statements - Overview:

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position, results

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Total Columns on Combined Statements - Overview

of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect certain reported amounts and disclosures. Accordingly, results may differ from those estimates.

2. REVENUE RECOGNITION

Intergovernmental

Intergovernmental revenues are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available. Intergovernmental grants do not allow the Council to recognize revenue under the grant award until actual costs are incurred or units of service are provided.

Program Service Fees

Program service fees are recognized when the Council provides the service that entitles the Council to charge the recipient for the services received.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

2. REVENUE RECOGNITION (Continued)

Public Support and Miscellaneous Revenues

The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, C-2 and D programs. In addition, various fund raisers are held during the year to obtain funds to offset costs of general operations and senior activities. The timing and amounts of the receipts of public support and other revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

3. BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

4. IN-KIND CONTRIBUTIONS

The Council received \$ 43,717 of in-kind contributions that have been valued at their estimated fair market value and have been valued at their estimated fair market value and recorded in the accounting records of the Council.

A summary of the in-kind contributions and their respective assigned values is as follows:

St Francis Medical Center and Glenwood Regional Medical Center donated a total of 24,560 meals to the Council for delivery to home bound elderly.	<u>\$ 43,717</u>
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The Council received additional support through services contributed by volunteers that does not meet the criteria for recognition in as much as no objective basis is available to measure the value of such services and the donated services do not create a nonfinancial asset.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

5. CONTRACTS RECEIVABLE

Contracts receivable at June 30, 2003, are as follows:

CDBG Proceeds	\$ 50,000
Local Program Service Revenue	<u>9,126</u>
Total	<u>\$ 59,126</u>

All contracts receivable are fully collectible at June 30, 2003.

6. CHANGES IN FIXED ASSETS

A summary of general fixed assets account group is as follows:

	Balance July 1, 2002	Additions	Retirements	Balance June 30, 2003
Vans	\$ 251,382	\$ -	\$ -	\$ 251,382
Furniture and Equipment	45,497	25,689	-	71,186
Land	174,354	-	-	174,354
Building	<u>2,475,140</u>	<u>21,237</u>	<u>-</u>	<u>2,496,377</u>
Totals	<u>\$2,946,373</u>	<u>\$ 46,926</u>	<u>\$ -</u>	<u>\$2,993,299</u>

7. INCOME TAX STATUS

Ouachita Council on Aging, Inc. is an organization exempt from tax under Internal Revenue Code Section 501(c)(3). Accordingly, the financial statements contain no provision for income taxes.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2003

8. ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

9. INTERFUND TRANSFERS - SPECIAL REVENUE FUNDS

Interfund transfers into special revenue funds for the year ended June 30, 2003 are as follows:

<u>Funds Transferred Out</u>					
Funds Transfer In	Local	PCOA	USDA	Supple Senior Ctr	Total
Title III B	\$ 93,921	\$24,546	\$ -	\$ 11,985	\$ 130,452
Title III C-1	13,268	-	76,238	-	89,506
Title III C-2	200,918		51,200		252,118
Senior Center	-			143,235	143,235
Audit	<u>2,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,016</u>
Totals	<u>\$310,123</u>	<u>\$24,546</u>	<u>\$127,438</u>	<u>155,220</u>	<u>\$617,327</u>

Total transfers from PCOA were as follows:

Title III B	\$ 24,546
Local	<u>6,000</u>
Total	<u>\$ 30,546</u>

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements (Continued)
Year Ended June 30, 2003

9. DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2003, the carrying amount of the Council's deposits was \$245,432 and the bank's balance was \$256,765. The difference is due to outstanding checks at June 30, 2003. Deposits totaling \$ 222,251 are collateralized by federal deposit insurance and deposits of \$ 34,514 are not collateralized.

State statutes authorize the Council to invest in United States bonds, treasury notes, or time certificates of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana. The Council's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash requirements.

The Council's deposits are categorized below to give an indication of the level of risk assumed by the Council at year end.

	<u>Bank Balance</u>
Category 1	
Deposits insured or collateralized with securities held by the Council or by its agent in the Council's name.	\$ -
Category 2	
Deposits collateralized with securities held by the pledging financial institution or agent in the Council's name.	-
Category 3	
Deposits that are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department, or agent, but not in the Council's name.	<u>34,514</u>
Total	<u>\$ 34,514</u>

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2003

12. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

13. PRIOR PERIOD ADJUSTMENT

Beginning fund balance in the general fund has been adjusted as follows:

Fund balance, July 1, 2002, as previously reported	\$(94,425)
Adjustment to record compensated absences payable at July 1, 2002	<u>(18,704)</u>
Fund balance, July 1, 2002, restated	<u><u>\$(113,129)</u></u>

OUACHITA COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
Special Revenue Funds
For the Year Ended June 30, 2003

	Title III-B	Title III-C			
	Supportive Services	Area Agency Admin.	C-1	C-2	Title III E
<u>REVENUES</u>					
Intergovernmental:					
Governor's Office of					
Elderly Affairs	\$ 175,952	\$ 50,369	\$ 183,444	\$ 184,945	\$ 53,448
Federal Emergency					
Management Agency	-	-	-	-	-
Public Support:					
Restricted - Utility					
Programs	-	-	-	-	-
Client Contributions	47,399	-	31,332	14,523	-
Donated Meals	-	-	-	43,717	-
Interest Income	-	-	-	-	-
Total revenues	<u>223,351</u>	<u>50,369</u>	<u>214,776</u>	<u>243,185</u>	<u>53,448</u>
<u>EXPENDITURES</u>					
Salaries	183,483	28,053	72,913	119,525	20,395
Fringe	23,748	2,429	10,053	17,472	4,096
Travel	5,103	812	406	45,614	55
Operating services	80,118	10,850	7,606	15,800	28,062
Operating supplies	32,351	4,200	3,270	4,093	840
Other costs	29,000	4,025	-	-	-
Meals	-	-	210,034	292,799	-
Utility assistance	-	-	-	-	-
Grants to subrecipient	-	-	-	-	-
Total expenditures	<u>353,803</u>	<u>50,369</u>	<u>304,282</u>	<u>495,303</u>	<u>53,448</u>
Excess (deficiency) of revenues over expenditures	(130,452)	-	(89,506)	(252,118)	-
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	130,452	-	89,506	252,118	-
Operating transfers out	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-
<u>FUND BALANCES (DEFICIT)</u>					
Beginning of year (deficit)	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OUACHITA COUNCIL ON AGING, INC.Statement of Program Revenues, Expenditures and Changes in Fund
Balance

General Fund

For the Year Ended June 30, 2003

	<u>Local</u>	<u>PCOA (ACT 735)</u>	<u>Totals</u>
<u>REVENUES</u>			
Intergovernmental:			
Office of Elderly Affairs	\$ -	\$ 30,546	\$ 30,546
Ouachita Council on Govt. Community Development	9,655	-	9,655
Block Grant	50,000	-	50,000
Public support:			
Unrestricted	242,166	-	242,166
Program Service Fees	109,256	-	109,256
Miscellaneous	7,528	-	7,528
Interest	3,286	-	3,286
Total Revenues	<u>421,891</u>	<u>30,546</u>	<u>452,437</u>
<u>EXPENDITURES</u>			
Operating Services	83,689	-	83,689
Operating Supplies	2,700	-	2,700
Other Costs	53,500	-	53,500
Capital Outlay	<u>46,926</u>	<u>-</u>	<u>46,926</u>
Total expenditures	<u>186,815</u>	<u>-</u>	<u>186,815</u>
Excess of revenues over expenditures	235,076	30,546	265,622
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	6,000	-	6,000
Operating transfers out	<u>(310,123)</u>	<u>(30,546)</u>	<u>(340,669)</u>
Excess of revenues and other sources over expenditures and other uses	(69,047)	-	(69,047)
<u>FUND BALANCE</u>			
Beginning of year, as previously reported	(94,425)	-	(94,425)
Prior period adjustment	<u>(18,704)</u>	<u>-</u>	<u>(18,704)</u>
Beginning of year (restated)	<u>(113,129)</u>	<u>-</u>	<u>(113,129)</u>
End of year (deficit)	<u><u>\$ (182,176)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (182,176)</u></u>

Schedule 2

Title III F	Senior Center	NSIP	FEMA	Utility Assistance Center	Supple. Senior Center	Audit	Totals
\$ 7,923	\$ 76,158	\$127,438	\$ -	\$ -	\$ 155,220	\$ 5,484	\$ 1,020,381
-	-	-	4,920	-	-	-	4,920
-	-	-	-	43,876	-	-	43,876
-	-	-	-	-	-	-	93,254
-	-	-	-	-	-	-	43,717
-	-	-	-	31	-	-	31
<u>7,923</u>	<u>76,158</u>	<u>127,438</u>	<u>4,920</u>	<u>43,907</u>	<u>155,220</u>	<u>5,484</u>	<u>1,206,179</u>
4,061	19,361	-	-	-	-	-	447,791
311	1,481	-	-	-	-	-	59,590
-	455	-	-	-	-	-	52,445
-	16,772	-	6,295	-	-	7,500	173,003
-	708	-	-	-	-	-	45,462
3,551	-	-	-	-	-	-	36,576
-	-	-	-	-	-	-	502,833
-	-	-	-	43,112	-	-	43,112
-	180,616	-	-	-	-	-	180,616
<u>7,923</u>	<u>219,393</u>	<u>-</u>	<u>6,295</u>	<u>43,112</u>	<u>-</u>	<u>7,500</u>	<u>1,541,428</u>
-	(143,235)	127,438	(1,375)	795	155,220	(2,016)	(335,249)
-	143,235	-	-	-	-	2,016	617,327
-	-	(127,438)	-	-	(155,220)	-	(282,658)
-	-	-	(1,375)	795	-	-	(580)
-	-	-	896	1,877	-	-	2,773
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (479)</u>	<u>\$ 2,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,193</u>

Schedule 3

OUACHITA COUNCIL ON AGING, INC.Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>LOCAL</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Travel	-	-	-
Operating service	-	83,689	(83,689)
Operating supplies	-	2,700	(2,700)
Other costs	-	53,500	(53,500)
Meals	-	-	-
Capital outlay	-	46,926	(46,926)
Transfers to other funds:			
Audit Fund	2,016	2,016	-
Title III C-1	-	13,268	(13,268)
Title III C-2	199,823	200,918	(1,095)
Title III B Supportive Services	<u>93,195</u>	<u>93,921</u>	<u>(726)</u>
Totals	<u>\$ 295,034</u>	<u>\$ 496,938</u>	<u>\$ (201,904)</u>
<u>PCOA (ACT 735)</u>			
Salaries	-	-	-
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Local	12,000	6,000	6,000
Title III B Supportive Services	<u>23,936</u>	<u>24,546</u>	<u>(610)</u>
Totals	<u>\$ 35,599</u>	<u>\$ 30,546</u>	<u>\$ 5,053</u>

(Continued)

Schedule 3
(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>TITLE III C-1</u>			
Salaries	\$ 75,327	\$ 72,913	\$ 2,414
Fringe	10,307	10,053	254
Meals:			
Raw food	91,238	101,648	(10,410)
Non-edibles	98,842	108,386	(9,544)
Travel	617	406	211
Operating services	8,866	7,606	1,260
Operating supplies	2,127	3,270	(1,143)
Other costs	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 287,324</u>	<u>\$ 304,282</u>	<u>\$ (16,958)</u>
 <u>SENIOR CENTER</u>			
Salaries	\$ 17,600	\$ 19,361	\$ (1,761)
Fringe	2,607	1,481	1,126
Meals	-	-	-
Travel	500	455	45
Operating services	25,246	16,772	8,474
Operating supplies	1,000	708	292
Other costs	-	-	-
Grants to subrecipient	131,745	180,616	(48,871)
Totals	<u>\$ 178,698</u>	<u>\$ 219,393</u>	<u>\$ (40,695)</u>
 <u>Title III C-2</u>			
Salaries	\$ 128,677	\$ 113,037	\$ 15,640
Fringe	17,623	17,219	404
Meals: raw food	116,122	136,981	(20,859)
Non-edibles	125,798	145,084	(19,286)
Travel	39,471	41,118	(1,647)
Operating services	12,182	7,566	4,616
Operating supplies	4,003	3,898	105
Other costs	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 443,876</u>	<u>\$ 464,903</u>	<u>\$ (21,027)</u>

(Continued)

Schedule 3
(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>TITLE III-F</u>			
Salaries	\$ -	\$ 4,061	\$(4,061)
Fringe	-	311	(311)
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	7,923	3,551	4,372
Capital outlay	-	-	-
Totals	<u>\$ 7,923</u>	<u>\$ 7,923</u>	<u>\$ -</u>
 <u>TITLE III-E CAREGIVER</u>			
Salaries	\$ 19,866	\$ 20,395	\$(529)
Fringe	2,719	4,096	(1,377)
Travel	320	55	265
Operating services	1,502	28,062	(26,560)
Operating supplies	493	840	(347)
Other costs	28,548	-	28,548
Capital outlay	-	-	-
Totals	<u>\$ 53,488</u>	<u>\$ 53,448</u>	<u>\$ -</u>
 <u>TITLE III-A ADMINISTRATION</u>			
Salaries	\$ 28,054	\$ 28,053	\$ 1
Fringe	3,921	2,429	1,492
Travel	1,041	812	229
Operating service	13,061	10,850	2,211
Operating supplies	4,292	4,200	92
Other costs	-	4,025	(4,025)
Totals	<u>\$ 50,369</u>	<u>\$ 50,369</u>	<u>\$ -</u>
 <u>TITLE III-B SUPPORTIVE SERVICE</u>			
Salaries	\$ 176,017	\$ 183,483	\$(7,466)
Fringe	24,117	23,748	369
Meals	-	-	-
Travel	7,851	5,103	2,748
Operating services	69,964	80,118	(10,154)
Operating supplies	23,984	32,351	(8,367)
Other costs	19,700	29,000	(9,300)
Totals	<u>\$ 321,633</u>	<u>\$ 353,803</u>	<u>\$ (32,170)</u>

(Continued)

Schedule 3
(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>FEMA</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	9,840	6,072	3,768
Operating supplies	-	-	-
Other costs	-	-	-
Totals	<u>\$ 9,840</u>	<u>\$ 6,072</u>	<u>\$ 3,768</u>
<u>UTILITY ASSISTANCE</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Utility assistance	35,000	43,112	(8,112)
Totals	<u>\$ 35,000</u>	<u>\$ 43,112</u>	<u>\$ (8,112)</u>
<u>AUDIT</u>			
Salaries	\$ -	\$ -	\$ -
Fringes	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	7,500	7,500	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ -</u>
<u>NSIP</u>			
Transfer Title III C-1	\$ 80,380	\$ 76,238	\$ 4,142
Transfer Title III C-2	47,058	51,200	(4,142)
Totals	<u>\$ 127,438</u>	<u>\$ 127,438</u>	<u>\$ -</u>

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>SUPPLE. SENIOR CENTER</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Grants to subrecipient	-	-	-
Transfer to Other Funds:			
Title III C-1	7,050	-	7,050
Senior Center	89,100	143,235	(54,135)
Title III B	7,050	11,985	(4,935)
Totals	<u>\$ 103,200</u>	<u>\$ 155,220</u>	<u>\$ (52,020)</u>

OUACHITA COUNCIL ON AGING, INC.Schedule of Priority Services -
Title III, Part B - Grant for Supportive ServicesFor the Year Ended June 30, 2003

Access (30%):	Transportation	199,557	
	Information &		
	Assistance	14,994	
	Outreach	<u>30,614</u>	
	Total access expenses	245,165	<u>182.98%</u>
In-Home (15%):	Homemaker	60,214	<u>45.94%</u>
Legal (5%):	Legal assistance	7,500	<u>5.598</u>
Other priority services		1,632	
Non-priority services		<u>39,292</u>	
Total Title III-B	Supportive service expenditures	353,803	
Less:	Participant contributions	(47,399)	
	Transfers in	<u>(130,452)</u>	
Title IIIB -	Supportive services grant	175,952	
Less:	Transfer to C-1 Congregate Meals	(31,000)	
	State homemaker	<u>(10,966)</u>	
Original grant award net of additional	state transportation funds	<u>\$ 133,986</u>	

OUACHITA COUNCIL ON AGING, INC.Statement of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2003

	Balance June 30, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2003</u>
General Fixed Assets, at cost:				
Vans	\$ 251,382	\$ -	\$ -	\$ 251,382
Furniture and equipment	45,497	25,689	-	71,186
Building	2,475,140	21,237	-	2,496,377
Land	<u>174,354</u>	<u>-</u>	<u>-</u>	<u>174,354</u>
Total	<u>\$2,946,373</u>	<u>\$ 46,926</u>	<u>\$ -</u>	<u>\$ 2,993,299</u>
Investment in General Fixed Assets:				
Property with no reflection of source and general fund acquisitions	\$ 77,082	\$ -	\$ -	\$ 77,082
Local	985,203	46,926	-	1,032,129
Ouachita Parish				
Police Jury	50,000	-	-	50,000
State of Louisiana	1,660,072	-	-	1,660,072
Federal Transit Administration	<u>174,016</u>	<u>-</u>	<u>-</u>	<u>174,016</u>
Total	<u>\$2,946,373</u>	<u>\$ 46,926</u>	<u>\$ -</u>	<u>\$ 2,993,299</u>

OUACHITA COUNCIL ON AGING, INC.Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u> <u>Administration on Aging</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs Special programs for the aging:				
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	\$145,879	\$ 145,879	\$ 145,879
Title III, Part C-Area Agency Administration	93.045	37,777	37,777	37,777
Title C-1-Nutrition Services Congregate Meals	93.045	72,834	72,834	72,834
Title C-2-Nutrition Services Home Delivered Meals	93.045	<u>73,720</u>	<u>73,720</u>	<u>73,720</u>
Subtotal CFDA# 93.045		<u>184,331</u>	<u>184,331</u>	<u>184,331</u>
Title III, Part D-Health Facilitation	93.043	<u>7,923</u>	<u>7,923</u>	<u>7,923</u>
Title III, Part E - Care Giver	93.052	<u>40,086</u>	<u>40,086</u>	<u>40,086</u>
Total for U.S. Department of Health and Human Services		<u>378,219</u>	<u>378,219</u>	<u>378,219</u>
<u>Federal Emergency Management Agency</u> Passed through American Red Cross Emergency Food and Shelter Program				
	83.523	<u>4,920</u>	<u>4,920</u>	<u>4,920</u>
<u>U.S. Department of Housing and Urban Development (HUD)</u> Community Development Block Grant				
	14.218	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<u>U.S. Administration on Aging</u> Passed through the Louisiana Governor's Office of Elderly Affairs:				
NSIP- Nutritional Services Incentive	93.053	<u>127,438</u>	<u>127,438</u>	<u>127,438</u>
Total - All Federal Awards		<u>\$560,577</u>	<u>\$560,577</u>	<u>\$560,577</u>

OUACHITA COUNCIL ON AGING, INC.

Notes to the Schedule of Federal Awards

June 30, 2003

1. General:

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Ouachita Council on Aging, Inc.

2. Basis of Accounting:

The accompanying Schedule of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the general purpose financial statements.

3. Relationship to General Purpose Financial Statements:

Federal Financial Award revenues are reported in the general purpose financial statements as follows:

	<u>Intergovernmental</u>
Federal Financial Awards	\$ 560,577
State Financial Awards	<u>554,925</u>
Total	<u>\$ 1,115,502</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Ouachita Council on Aging, Inc.
Monroe, Louisiana

I have audited the financial statements of Ouachita Council on Aging, Inc. as of and for the year ended June 30, 2003, and have issued my report thereon dated December 23, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Compliance

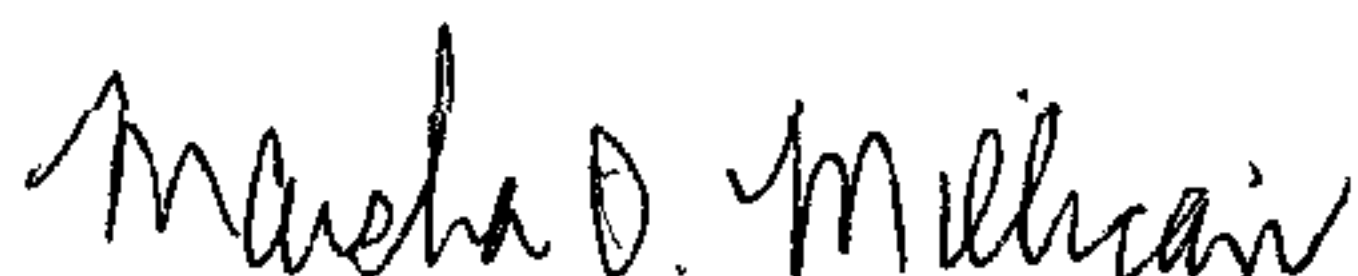
As part of obtaining reasonable assurance about whether Ouachita Council on Aging, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as finding # 1 and finding #2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Ouachita Council on Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, reading "Marsha D. Milhain".

Certified Public Accountant
December 23, 2003

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Ouachita Council on Aging, Inc.
Monroe, Louisiana

Compliance

I have audited the compliance of Ouachita Council on Aging, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Ouachita Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ouachita Council on Aging, Inc.'s management. My responsibility is to express an opinion on Ouachita Council on Aging, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ouachita Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Ouachita Council on Aging, Inc.'s compliance with those requirements.

However, the results of my auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as finding #1 and finding #2.

Internal Control Over Compliance

The management of Ouachita Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Ouachita Council on Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management the Board of Directors, and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant
December 23, 2003

OUACHITA COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements.
2. The auditor's report on compliance for the major federal award programs for Ouachita Council on Aging, Inc. expresses an unqualified opinion on all major federal programs.
3. The programs tested as major programs included:
 - 93.044 Title III Supportive Service
 - 93.045 Title III Administration
 - 93.045 Title III C-1 Nutrition
 - 93.045 Title III C-2 Nutrition
 - 93.043 Title III D Health Facilitation
 - 93.052 Title III E Caregiver
4. The threshold for distinguishing Type A and B programs was \$300,000.
5. Ouachita Council on Aging, Inc. was not determined to be a low risk auditee.

FINDING/NONCOMPLIANCE

FINDING #1:

Finding # 1 - Condition:

The Council on Aging, Inc, did not maintain its books and records in conformity with generally accepted accounting principles on a monthly basis.

Finding # 1 - Criteria:

The Governor's Office of Elderly Affairs (GOEA) is the funding source for the Council's major programs. The terms of the contract

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2003

Finding # 1 - Criteria: (Continued)

between GOEA and Ouachita Council on Aging, Inc. require the Council to prepare a monthly financial statement and to maintain books, records, documents, and other evidence, in accordance with generally accepted accounting practices and procedures.

Basic accounting records such as general ledgers, cash receipts journals, and cash disbursement journals, were not prepared on a regular monthly basis. Bank reconciliations were prepared on a monthly basis but were not reconciled to general ledger cash balances because the general ledger was not posted on a timely basis. Monthly reports to GOEA did not include the total costs of each program due to the absence of a general ledger.

Records indicating the expenditures of monies from other funding sources were unavailable to document the expenditure of other funding.

Finding # 1 - Effect:

The lack of basic accounting records in the preparation of monthly reports to GOEA could result in program costs being underreported and/or being reported in the incorrect program.

The failure to obtain an amended budget could result in actual costs that exceed budgeted costs by more than 10% being disallowed.

The unavailability of documentation regarding expenditure of monies from other funding sources could result in a decrease of monies from other funding sources.

Finding # 1 - Cause:

In November of 2002, the Financial Manager's computer hard drive crashed. The back - up program used at that time was corrupted by a virus, therefore no current back up was available to restore the accounting systems. The only back up not corrupted was one from March, 2002. All data from March, 2002 had to be reentered and brought current. The process was slowed by having to convert the old Sams 3.0 "a client tracking system required by GOEA to report compliance data to Baton Rouge" to the new Sams 2000. This conversion required a completely new Network system and software for the entire office. The process was not completed until October of 2003. This resulted in the financial data not being entered into the General Ledger on a monthly basis in a timely manner.

(Continued)

OUACHITA COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2003

Finding # 1: (Continued)

Finding # 1 - Recommendation:

I recommend the Council maintain its books, records, documents, and other evidence, in accordance with generally accepted accounting practices and procedures on a monthly basis.

Finding # 1 - Management's Corrective Action Plan:

The Council will maintain its books, records, documents, and other evidence, in accordance with generally accepted accounting practices and procedures on a monthly basis. The Finance Committee and management will closely monitor records each month. The Council will prepare its monthly reports to GOEA based on accounting records posted on a monthly basis and monitored by the Finance Committee and management. A cash flow statement and budget to actual reports will be presented to the Board of Directors on a monthly basis.

FINDING #2:

Finding # 2 - Condition:

The Council did not amend its budget as required by the Governor's Office of Elderly Affairs (GOEA).

Finding # 2 - Criteria:

GOEA requires the Council to amend its fiscal year budget when actual expenditures differ from budgeted amounts by 10% or more. There were instances where actual expenditures differed from budgeted amounts by 10% or more and the Council did not amend the budget.

Finding # 2 - Effect:

GOEA could disallow program costs were actual expenditures exceed budgeted amounts by 10% or more.

Finding # 2 - Cause:

We prepared an amended budget and transmitted same to GOEA. GOEA did not receive the amended budget.

Finding # 2 - Recommendation:

I recommend a revised budget be prepared when actual expenditures differ from budgeted amounts by 10% or more and transmitted to GOEA by means of certified mail.

Finding # 2 - Management's Response:

The Council will amend its budget on a timely basis whenever actual expenditures exceed budgeted expenditures by 10% or more and will be monitored monthly by the Finance Committee and management.

OUACHITA COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings

For the Year Ended June 30, 2003

Prior Year Findings:

There were no findings for the year ended June 30, 2002.